

Message Text

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PAGE 01 REYKJA 00295 011601Z

64

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PA-02 USIA-15 PRS-01 SP-02

/052 W

----- 073711

R 011520Z MAR 76

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC 6086

INFO COMICEDEFOR

CINCLANT

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

USMISSION NATO

UNCLAS REYKJAVIK 0295

DEPT ALSO FOR EUR/EX

E.O. 11652: N/A

TAGS: ELAB IC

SUBJECT: STRIKES END

1. AGREEMENT WAS SIGNED AFTERNOON OF FEBRUARY 28 BETWEEN EMPLOYERS AND ICELANDIC FEDERATION OF LABOR, ENDING 12-DAY GENERAL STRIKE. FOLLOWING DAY, SETTLEMENTS ALSO REACHED WITH SEAMEN AND PRINTERS. COUNTRY RETURNING TO NORMAL THIS MORNING.

2. IN ADDITION TO PRICE-INDEXED GUARANTEE IN PENSION PLAN AGREED TO EARLIER (REYKJAVIK 245) WHICH LABOR CONSIDERS MAJOR BREAK-THROUGH, NEW CONTRACT PROVIDES GENERAL INCREMENTAL PAY INCREASE OF 25-30 PERCENT. THERE IS SIX-PERCENT PAY HIKE EFFECTIVE MARCH 1, PLUS ONE-PERCENT "BONUS" INCREASE. THOSE EARNING UNDER 54,000 KRONUR MONTHLY GET IMMEDIATE EXTRA 1500 PER MONTH. THEREAFTER, SIX-PERCENT GENERAL INCREASES WILL BECOME EFFECTIVE ON JULY 1

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AND OCTOBER 1, 1976, WITH FIVE-PERCENT HIKE OCCURRING FEBRUARY 1,

1977. STILL FURTHER INCREASES WILL BE GIVEN IF PRICE INDEX
EXCEEDS CERTAIN LEVELS ON ANY OR ALL OF THREE DATES DURING LIFE
OF AGREEMENT. CONTRACT EXPIRES MAY 1, 1977.

3. LABOR'S PREVIOUSLY ANNOUNCED GOAL OF REACHING ANTI-INFLATIONARY
SETTLEMENT THROUGH IMPLEMENTATION OF ECONOMIC REFORMS IN LIEU OF
LARGE PAY HIKE FELL BY WAYSIDE APPARENTLY AS RESULT OF
IRRESOLUTION IN UNIONS PLUS GOVERNMENT INABILITY TO ACCEPT SCHEME.
IN ANY CASE, RESULT OF NEGOTIATIONS IS, BY INITIAL ESTIMATES,
AT LEAST MIDLY INFLATIONARY.

4. FURTHER DETAILS, ANALYSIS TO FOLLOW.
MARTIN

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NNN

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Disposition Event:
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